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# GAIN Report

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## Thailand

### Rice Price - Weekly

### Weekly Rice Price Update

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**Report Highlights:**

TH0126 Export prices for most grades of white rice declined by 1.0 percent due to the government stock release. The Government has begun the release of intervention stocks, which will top 1.6 million tons for export during the remaining months of 2010. The stock release will help Thai rice exports attain 8.5 - 9.0 million tons in 2010.

Post:  
Bangkok

## Market Tone

<b>Table 1: Export Prices (FOB) for various grades of Thai rice (USD/MT), Week ending Aug. 30, 2010</b>									
<b>Quality</b>	<b>Exporter Observations</b>							<b>Period Average</b>	
	#1	#2	#3	#4	#5	#6	#7	CUR.	PRV.
<b>FWR 100B</b>	1,040	-	1,000	-	1,000	990	-	1,008	995
<b>WR 100B</b>	470	-	480	-	480	485	490	481	481
<b>PB 100%</b>	510	-	510	-	500	520	510	514	512
<b>PB 5%</b>	505	-	520	-	495	515	505	508	502
<b>WR 5%</b>	445	-	465	-	460	465	480	468	463
<b>WR 10%</b>	435	-	455	-	455	460	-	451	454
<b>WR 15%</b>	425	-	440	-	-	455	-	440	443
<b>WR 25%</b>	415	-	425	-	-	435	-	425	427
<b>WR 35%</b>	-	-	-	-	-	-	-	-	-
<b>A1 SUP</b>	385	-	375	-	380	395	-	384	381
<b>A1 SUB</b>	-	-	-	-	-	-	-	-	-
<b>Exchange rate: 31.15 baht/US\$</b>									
<b>Source: Average actual prices received from exporters</b>									

Despite a continued strengthening of the Thai baht from 31.3 to 31.1 baht/\$, export prices for most grades of white rice declined by 1.0 percent and a reduction in domestic prices by 2-3 percent from the previous week due to the Government's stock release. The Government has begun the release of 1.6 million tons of intervention stocks for export during the remaining months of 2010. Around 70 percent of the release will consist of 5% grade white rice and the balance will consist of 25 percent Pathumthani fragrant rice and 5 percent glutinous rice. The bidding for the stock release was offered to a few large exporters that have outstanding purchase orders. The average bidding prices were approximately 20 percent lower than current market prices. However, this stock release approach is being criticized on its transparency and on the resulting downward domestic price pressure. In addition, it is expected that the Government might release another 1.4 million tons during the rest of 2010 and may keep 1.0 – 2.0 million tons as safety stocks for food security purposes. The stock release will make Thai white rice more attractive to foreign buyers as Thai and Vietnamese rice prices are converging with a \$10/MT price difference, as compared to \$50-100/MT throughout most of the year. Thai rice exporters expect that stock release will help rice exports attain 8.5 - 9.0 million tons in 2010.

The weekly benchmark prices for white rice for August 30 – September 5, increased by 2.6 percent. As such, farmers will receive lower compensation compared to the previous week. Farmers that sell their supplies this week will attain insurance price levels as market prices and benchmark prices have converged.

**Table 2: Price Insurance Scheme for MY2009/2010 rice crop**

	Rice paddy				
	Fragrant rice (Hommati)	Provincial fragrant rice	Patthum fragrant rice	Glutinous rice	White rice
1. Eligible tonnage (ton/household) <sup>a/</sup>	14	16	25	16	25
2. Insured prices (Baht/ton) <sup>a/</sup>	15,300	14,300	11,000 <sup>d/</sup>	9,500	10,000
3. Benchmark prices (Baht/ton) <sup>b/c/</sup>					
Aug 2 - 8	-	-	10,379	15,259	7,748
Aug 9-15	-	-	10,219	15,242	7,816
Aug 16-22	-	-	10,331	15,304	7,930
Aug 23-29	-	-	10,669	15,347	8,224
Aug 30 - Sep 5	-	-	10,917	15,524	8,435
4. Compensation (1-2), (Baht/ton)					
Aug 2-8	-	-	621	-	2,252
Aug 9-15	-	-	781	-	2,184
Aug 16-22	-	-	669	-	2,070
Aug 23-29	-	-	331	-	1,776
Aug 30 - Sep 5	-	-	83	-	1,565
5. Market prices (Baht/ton)					
Aug 2-8	14,125	12,750	10,650	15,500	8,100
Aug 9-15	14,125	12,750	10,650	15,500	8,350
Aug 16-22	14,125	12,750	10,750	16,500	8,600
Aug 23-29	14,600	12,750	10,750	16,500	8,650
Aug 30 - Sep 5 <sup>e/</sup>	14,850	12,750	11,000	16,500	8,550

Note:

<sup>a/</sup> Cabinet approval on Sep. 22, 2009

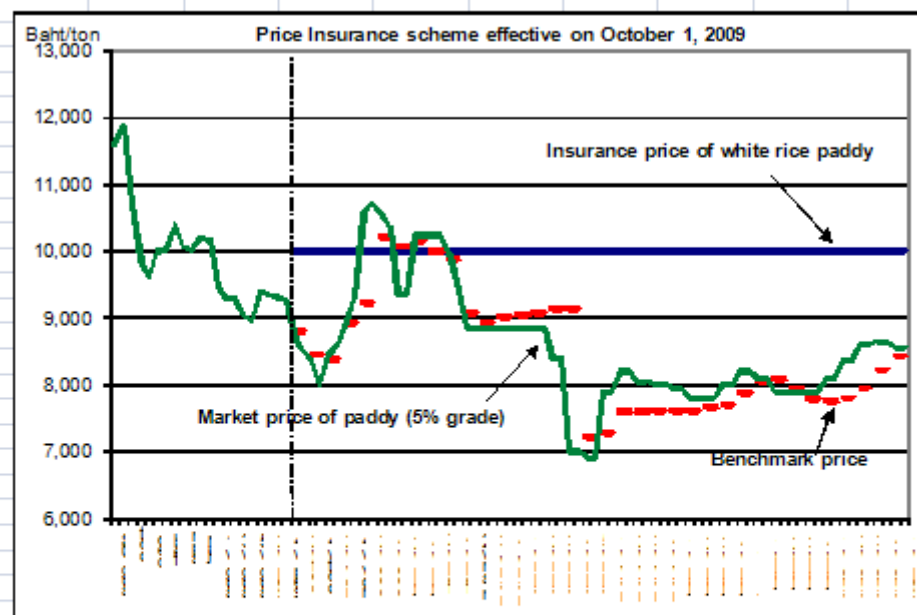
<sup>b/</sup> Starting March 8, 2010 the benchmark prices will be published on a weekly basis instead of twice a month on the 1st and 16th, based on average historical wholesale prices of last 15 days in Bangkok. The prices are set by the Subcommittee on Benchmark Price Determination, chaired by the Permanent Secretary General of the Ministry of Commerce.

<sup>c/</sup> Starting Apr. 26, 2010 the benchmark prices will be based on average wholesale price of last week in Bangkok.

<sup>d/</sup> The insured prices of MY 2009/10 second-crop Patthum Fragrant rice were revised up from 10,000 tons/MT in MY 2009/10 main-crop price insurance scheme, effective Mar. 16, 2010

<sup>e/</sup> As of August 30, 2010

**Figure 1: Comparison of market price, insurance price, and benchmark price**



Note: 1/ Benchmark prices are average historical wholesale prices which will be used for the calculation of compensation to farmers. The compensation is based on the difference between insurance prices and benchmark prices.

2/ Starting March 8, 2010 the benchmark prices will be published on a weekly basis instead of twice a month on the 1st and 16th, based on average historical wholesale prices of last 15 days in Bangkok. The prices are set by the Subcommittee on Benchmark Price Determination, chaired by the Permanent Secretary General of the Ministry of Commerce.

3/ Starting Apr. 26, 2010 the benchmark prices will be based on average wholesale price of last week in Bangkok.

## Rice Export Update

Unofficial rice exports (excluding fragrant rice) for Aug 23-29, 2010 totaled 136,724 tons, up 51,042 tons from the previous week, and up 41,291 tons from the four-week moving average of 95,433 tons. Exports of white rice and parboiled rice during January 1 – August 29, 2010 totaled 3,805,065 tons, down 3.9 percent from 3,960,089 tons in the previous year.

According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) during January 1 – August 26, 2010 amounted to 5,177,837 tons, down 8.9 percent from 5,681,975 tons in the previous year.

<b>Table 3: Weekly rice exports (excluding fragrant rice)</b>					
<b>WEEK ENDING</b>	<b>QUANTITY</b>	<b>4-WK.AVG</b>	<b>YEAR TO DATE</b>	<b>YEAR AGO</b>	<b>YEAR TO DATE AS % OF LAST YEAR</b>
	(MT)	(MT)	(TMT)	(TMT)	(%)
Jun 20	105,026	104,325	2,756	2,758	-0.1
Jun 27	103,458	97,586	2,859	2,915	-1.9
Jul 4	84,405	93,952	2,944	3,044	-3.3
Jul 11	126,065	104,739	3,070	3,128	-1.9
Jul 18	118,235	108,041	3,188	3,259	-2.2
Jul 25	120,961	112,416	3,309	3,359	-1.5
Aug 1	114,289	119,887	3,423	3,468	-1.3
Aug 8	79,683	108,292	3,503	3,584	-2.3
Aug 15	79,644	98,644	3,583	3,696	-3.1
Aug 22	85,682	89,824	3,668	3,823	-4.0
Aug 29	136,724	95,433	3,805	3,960	-3.9

*Note on data: Export figures since March 22, 2002, do not include fragrant rice. The authority to report fragrant rice exports was moved from the Thai Board of Trade to the Ministry of Commerce's Office of Commodity Standards, which does not release official fragrant rice export data. FAS/BKK will report only official export numbers from the Board of Trade for non-fragrant and from the Office of Commodity Standards for fragrant rice when available, but the reader should bear in mind the difference between the data.*

Source: Board of Trade of Thailand

<b>Table 4: Weekly private registered rice export sales</b>			
<b>Movement (MT)</b>	<b>Aug. 9-13</b>	<b>Aug. 16-20 (Revised)</b>	<b>Aug. 23-27 (Preliminary)</b>
Weekly sales	108,704	208,799	140,579
4 week sum	400,358	482,414	540,153
4 week mov. avg.	100,090	120,604	135,038
Year-to-date sales	3,970,809	4,179,608	4,320,187

End of report.